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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

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11 | SECURITIES AND EXCHANGE
COMMISSION,

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Plaintiff,

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vs.

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MAMIE TANG, DEBORAH MELLO AND
15 | VICTORIA GONG,

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Defendants,

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and

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RICHARD TANG, AMY TANG, EMILY
TANG, THE TANG CHILDREN'S TRUST
19 | AND BROAD STREET SECURITIES, INC,

20 |

Relief Defendants.

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Case No. C-98-3739 WHA

[PROPOSED] AMENDED FINAL
JUDGMENT OF PERMANENT INJUNCTION
AND OTHER LEGAL AND EQUITABLE
RELIEF AGAINST DEFENDANT DEBORAH
MELLO

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On November 6, 2000, the Court commenced a bench trial against
remaining defendant Deborah Mello and relief defendants Amy Tang and
the Tang Children's Trust. It also accepted evidence relating to
the relief to be imposed against defaulting defendant Mamie Tang.
Pursuant to stipulation and order, relief defendant Amy Tang was
removed from the case as of November 13, 2000. The Court heard

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1 testimony and accepted exhibits on November 6, 7, 8, 13 and 14,
2 2000. It heard closing arguments on November 15, 2000.

3 Following closing arguments, plaintiff Securities and Exchange
4 Commission (the "Commission") and defendant Deborah Mello ("Mello")
5 stipulated to certain findings of fact based upon the evidence
6 submitted at trial. The Court accepts these proposed findings:

- 7 1. Valley Forge Capital Holdings ("Valley Forge") violated
8 Section 17(a)(1) of the Securities Act of 1933
9 ("Securities Act") and Section 10(b) of the Securities
10 Exchange Act of 1934 ("Exchange Act") and Rule 10b-5
11 thereunder in connection with the U-7, Series A, Series B
12 and Foreign Bond Offerings (together, the "Bond
13 Offerings"). The offering circulars for the Bond
14 Offerings made material misrepresentations and omissions
15 concerning the structure of Valley Forge's management and
16 the use of proceeds raised in the Bond Offerings.
- 17 2. At the time of the Bond Offerings, Mello was a control
18 person of Valley Forge by virtue of her positions,
19 authority and conduct as President and Chairperson of the
20 Board. Mello has failed to meet her burden of
21 establishing the affirmative defenses of good faith and
22 lack of actual participation. Mello is therefore jointly
23 and severally liable with Valley Forge.
- 24 3. As a Valley Forge director, Mello approved the U-7, Series
25 A and Series B bond offerings. Mello acted recklessly in
26 violation Section 17(a)(1) of the Securities Act, Section
27 10(b) of the Exchange Act and Rule 10b-5. She failed to
28 determine what representations were made in the offering

1 circulars for the U-7, Series A and Series B bond
2 offerings and failed, as President of Valley Forge, to
3 ensure that Valley Forge had adequate business controls to
4 comply with the use of proceeds representations of the U-
5 7, Series A and Series B offering circulars. Mello
6 therefore violated Section 17(a)(1) of the Securities Act
7 and Section 10(b) and Rule 10b-5 of the Exchange Act.

8 Because the Commission and Mello could stipulate to the
9 propriety of an injunction, but could not stipulate upon the
10 appropriate monetary relief, the Court made oral findings on the
11 record on November 17, 2000 and incorporates those findings by
12 reference.

13 Based upon the stipulated findings and its additional findings,
14 the Court orders the following relief.

15 I.

16 IT IS ORDERED, ADJUDGED, AND DECREED that defendant Mello, her
17 agents, servants, employees, attorneys, and all persons acting in
18 concert or participation with her, who receive actual notice of this
19 Final Judgment of Permanent Injunction and Other Legal and Equitable
20 Relief ("Final Judgment"), by personal service or otherwise, and
21 each of them, are permanently enjoined and restrained from, directly
22 or indirectly, singly or in concert:

- 23 A. employing any device, scheme, or artifice to defraud,
24 B. making any untrue statement of a material fact or omitting
25 to state a material fact necessary in order to make the
26 statements made, in the light of the circumstances under
27 which they were made, not misleading, or
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1 C. engaging in any act, practice, or course of business which
2 operates or would operate as a fraud or deceit upon any
3 person,
4 in connection with the purchase or sale of the securities of any
5 issuer, by the use of any means or instrumentality of interstate
6 commerce, or of the mails, or of any facility of any national
7 securities exchange, in violation of Section 10(b) of the Exchange
8 Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §
9 240.10b-5].

10 II.

11 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED defendant Mello,
12 her agents, servants, employees, attorneys, and all persons acting
13 in concert or participation with her, who receive actual notice of
14 this Final Judgment, by personal service or otherwise, and each of
15 them, are permanently enjoined and restrained from, directly or
16 indirectly, singly or in concert:

- 17 A. employing any device, scheme, or artifice to defraud;
18 B. obtaining money or property by means of any untrue
19 statement of material fact or omitting to state a material
20 fact necessary in order to make the statements made, in
21 the light of the circumstances under which they were made,
22 not misleading; or
23 C. engaging in any transaction, practice, or course of
24 business which operates or would operate as a fraud or
25 deceit upon a purchaser, in the offer or sale of any
26 securities by the use of any means or instruments of
27 transportation or communication in interstate commerce or
28 by the use of the mails,

1 in violation of Section 17(a) of the Securities Act [15 U.S.C. §
2 77q(a)].

3 III.

4 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant
5 Mello disgorge the gains from her conduct in the amount of \$47,500,
6 including prejudgment interest in the amount of \$7,500, for a total
7 payment of \$55,000. Such payment shall be considered due and
8 payable to this Court's registry within thirty (30) days of the
9 entry of the Final Judgment.

10 IV.

11 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Mello shall
12 not be deemed in violation of the Court's disgorgement order so long
13 as Mello complies with the payment conditions, reporting
14 requirements and injunctions set forth in this Final Judgment:

- 15 A. by depositing \$10,000 into this Court's registry within
16 thirty (30) days of the entry of the Final Judgment;
- 17 B. by depositing \$400 or 15 percent of her net income,
18 whichever is less, into this Court's registry on or before
19 the last calendar day of every succeeding month until the
20 full disgorgement amount of \$55,000 plus post-judgment
21 interest, if any, is satisfied. Mello shall pay post-
22 judgment interest, as calculated pursuant to 28 U.S.C.
23 § 1961, on only those amounts due pursuant to Paragraph
24 IV.A and B of this Final Judgment that are not timely paid
25 (until such time as the late payment with accrued post-
26 judgment interest has been paid in full); and
- 27 C. by providing the Commission with a financial statement of
28 her assets, liabilities, income, expenses and taxes.

1 Mello shall provide the first such statement within 180
2 days after entry of the Final Judgment, and subsequent
3 statements shall be provided every 180 days thereafter.
4 If any such statements, or any other information the
5 Commission obtains, indicates that Mello has sufficient
6 assets to pay the outstanding disgorgement amount, the
7 Commission may move the Court for further relief.

8 As of May 2009, Mello has made a total of \$41,675 in payments and
9 owes the remaining balance of \$13,325. Mello shall make any and all
10 future payments on the remaining balance by certified check, bank
11 cashier's check, or United States postal money order payable to the
12 Securities and Exchange Commission. Such monthly payments shall be
13 delivered or mailed by the last calendar day of the month to the
14 Office of Financial Management, Securities and Exchange Commission,
15 Operations Center, 6432 General Green Way, Mail Stop 0-3,
16 Alexandria, Virginia 22312 along with a letter identifying Deborah
17 Mello as a defendant in this action, setting forth the title and
18 civil action number of this action, the name of this Court and
19 specifying that payment is being made pursuant to this Order
20 amending the Mello Judgment. The Commission will remit the funds
21 paid by Mello to the United States Treasury.

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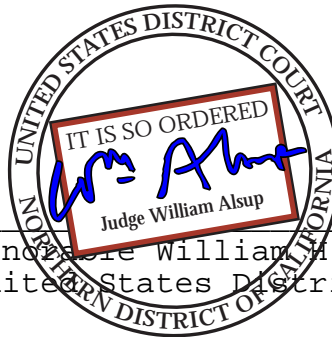
1 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Final
2 Judgment is binding on defendant Mello, her agents, servants,
3 employees and attorneys, and upon those persons in active concert or
4 participation with Mello who receive actual notice of this Final
5 Judgment by personal service or otherwise pursuant to Federal Rule
6 of Civil Procedure 65(d).

7 VI.

8 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court
9 shall retain jurisdiction over this action for the purpose of
10 implementing and carrying out the terms of all orders and decrees
11 which may be entered herein and to entertain any suitable
12 application or motion for additional relief within the jurisdiction
13 of this Court.

14 There being no just reason for delay, the Clerk of the Court is
15 hereby directed, pursuant to Rule 54(b) of the Federal Rules of
16 Civil Procedure, to enter this Final Judgment forthwith.

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20 DATED: July 15, 2009



21 Honorable William H. Alsup
22 United States District Judge
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